



Gatron Industries
Ltd.

COMPARATIVE ANALYSIS 2023

| Presented By
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Comprehensive Financial Analysis

GATRON INDUSTRIES LTD

SYNTHETIC & RAYON

PKR - 203.00

52 Week (High - 265 & Low - 202)



About the company

Gatron (Industries) Ltd belongs to the Gani and Tayub Group (G&T) and has been operating since 1980. These seven decades of experience have allowed Gatron to grow into the biggest producer of Polyester Filament Yarn in Pakistan. With its factory located in Hub, Balochistan, Gatron is also a publicly listed company on PSX (Pakistan Stock Exchange) and operates across the globe. The G&T group is an industry leader in numerous products. These include Polyester Yarn, PET Resin, PET Preforms, PET Bottle, BOPET Film, PET Sheet, Fashion Apparel, Home Textile, Retail, Logistics, and more.

Gatron (Industries) Ltd. is a publicly listed company on the Pakistan Stock Exchange (PSX) with its manufacturing facility located in the city of Hub, Balochistan, on the outskirts of Karachi. Over the years, Gatron has consolidated its position in the polyester business on the strength of its integrated operations and diversified product portfolio.

Our yarns help create some of the best quality fabrics that define fashion around the world. They are used by most of the major downstream textile companies in Pakistan whether it be in Knitting, Twisting or Weaving. There is a wide range of end applications for our yarn which include men's and women's garments, sportswear, hosiery, denim, upholstery and Home Textiles including bed and bath linens, blankets, table tops & curtains etc.

Apart from the Company's principle business of manufacturing Polyester Filament Yarn along with its raw material products viz. Yarn Grade Polyester Chips, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET preforms.

Purpose and Scope of Analysis

Financial analysis serves as a critical tool for evaluating the financial health and performance of a company, offering valuable insights for a range of stakeholders. It aids investors in making informed decisions about buying, holding, or selling securities by assessing a company's profitability, liquidity, and solvency. For management, it serves as an internal monitoring and planning tool, helping identify areas of strength and weakness to inform strategic decisions.

Lenders and creditors use it to gauge the creditworthiness of a company, which influences their lending decisions. Furthermore, the scope of financial analysis extends to examining financial statements, assessing ratios that indicate a company's operational efficiency and risk exposure, studying industry and market trends, and conducting risk assessments, all contributing to a comprehensive understanding of a company's financial standing.

Peers Company / Competitors

1. Lotte Chemical Pakistan.

LCPL stands strong as the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan with a capacity to deliver 500,000 tonnes of PTA annually through its state-of-the-art plant situated at Port Qasim, Karachi.

PTA is the primary raw material for producing Polyester fiber, Polyester filament yarn, Polyester film and Polyethylene Terephthalate (PET). LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local producer and key supplier for the domestic Polyester and PET industries with short delivery, world class quality and exceptional customer service.

For producing PTA we import our feedstock (Paraxylene) from reputable suppliers based in Asia and Middle-East region. Our plant operates under a technology license with IPT (Investa Performance Technologies) which is currently the leading global supplier of PTA technology.

2. Archroma Pakistan Limited.

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and having head quarter in Reinach, Switzerland which holds 75% of share capital of the Company.

The Company is primarily engaged in the manufacture, import and sale of chemicals, dyestuffs and coating, adhesive and sealants. It also acts as an indenting agent.

Archroma is a global, diversified provider of dyes and specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. The company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 100 countries.

3. Engro Polymers and Chemicals

Engro Polymer & Chemicals Limited (EPCL) is the sole manufacturer of PVC resin in Pakistan.

Besides this the company also produces Chlor Alkali products like Caustic Soda, Sodium Hypochlorite and Hydrochloric Acid. It is a subsidiary of Engro Corporation, involved in the manufacturing, marketing and distribution of PVC under the brand name 'SABZ' and other quality Chlor-Vinyl allied products.

EPCL strongly endorses its triple bottom line philosophy in true essence – People, Planet and Profit are critical and indispensable elements for its growth and success.

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Management Profiling		Directorship	Info	Education
1	Mr. Shabbir Diwan	Chairman / Director	Mr. Abdul Razak Diwan is the Founder member of Gatron (Industries) Limited. He is also the Director of Finance of the Company since its incorporation. He is also the Governor of the Gatron Foundation, a company incorporated for a charitable purpose. Mr. Abdul Razak Diwan was the Honorary Chairman of Memon Medical Institute & Hospital (a 300 beds tertiary, not-for-profit, totally donor-funded Multidisciplinary Hospital established to cater to the health-care and education needs of the society at large.	Bachelor of Commerce
2	Mr. Shabbir Diwan	Chief Executive / Director	Mr. Shabbir Diwan is a member of the Board of Governors of "Patients Aid Foundations" of JPMC, the 2nd largest Government Hospital in Karachi. He is a member and Director of the Pakistan Business Council, Pakistan-India Joint Business Council, constituted by the Ministry of Commerce Govt. of Pakistan, and ex-Hon. Deputy General Secretary, Memon Medical Institute Mr. Shabbir Diwan is an Executive Director of Novatex Limited (producer and exporter of PET Resin, PET Preforms, and BOPET Films and also Director in ThalNova Power Thar (Pvt) Limited (a 330 MW power project).	(MBA) Master of Business Administration from Institute of Business Administration, University of Karachi.
3	Mr. Zakaria Bilwani	Non-Executive Director	Mr. Zakaria Bilwani is a Commerce Graduate and he is the Non-Executive Director on the Board of Gatron (Industries) Limited since 1984. Mr. Zakaria Bilwani is also the Director of M/s. Gatro Power (Private) Limited, is a wholly owned subsidiary of Gatron (Industries) Limited.	Bachelor of Commerce
4	Mr. Usman Habib Bilwa	Non-Executive Director	Mr. Usman Bilwani is a Graduate and he is the Non-Executive Director on the Board of Gatron (Industries) Limited since 1990. Mr. Usman Bilwani is also the Director of M/s. Gatro Power (Private) Limited, is a wholly owned subsidiary of Gatron (Industries) Limited.	Bachelor of Commerce
5	Mr. Muhammad Iqbal B	Non-Executive Director	Mr. Iqbal Bilwani is a non-executive Director on the Board of Gatron (Industries) Limited since 1982. Mr. Iqbal Bilwani is a member of the Audit Committee of Gatron. Mr. Iqbal Bilwani is also the Director of Gatro Power (Private) Limited, a wholly owned subsidiary of Gatron (Industries) Limited.	Fellow Member of the Institute of Chartered Accountants of Pakistan since 1978.
6	Mr. Saqib Haroon Bilwa	Non-Executive Director	Mr. Saqib Haroon Bilwani is a family member of the G&T Group. He is a Trustee and Member Executive Board of the Memon Health and Education Foundation (MHEF). He is CEO of Mustaqim Dyeing & Printing Industries (Pvt) Ltd (Manufacturer and Exporter of Home Textile Products) and Director in ThalNova Power Thar(Private) Limited. Mr. Bilwani also served in the Managing Committee of the Pakistan Hosiery Manufacturers Association (PHMA).	MBA (Master of Business Administration) from IBA
7	Mr. Muhammad Taufiq	Executive Director	Mr. Muhammad Taufiq Bilwani is an Executive Director on the Board of Gatron (Industries) Limited since July 2013 and has been the Chief Officer of Plant Operations since 1983. He obtained Certification under the Director's Training Program offered by the Institute of Chartered Accountants of Pakistan (ICAP) in 2013. He was 1)Member Executive committee Pakistan Engineering Council. 2)Vice President Lasbela Chamber of Committee and Industry. 3)Member Mechanical local council Karachi Institute of Engineer Pakistan.	Graduate of Mechanical Discipline from N.E.D University of Engineering & Technology
8	Mr. Muhammad Waseem	Independent Director	Mr. Muhammad Waseem holds a Bachelor of Science (Hons.) degree in Mathematics from the University of Karachi. He has experience in the banking and textile sectors.	Bachelor of Science (Hons.) degree in Mathematics from the University of Karachi.
9	Mr. Talat Iqbal	Independent Director	Mr. Talat Iqbal holds a Bachelor of Commerce degree in Business Administration & Commerce from the University of Karachi. He also holds a Legum Baccalaureate degree in Law from the University of Karachi. He has vast experience in Information Technology, Commerce, and Trade. He has obtained Certification under the Directors' Training Program offered by the Pakistan Institute of Corporate Governance in 2021.	Bachelor of Commerce
10	Ms. Huma Rafique	Independent Director	Ms. Huma is a Director at Nefline (Pvt.) Ltd. She has a vast experience of over 12 years in the corporate sector ranging from PMCGs to consultancy and the education sector. She is currently serving as Manager Admin & HR at the Baitussalam Masjid School, Islamabad and is also a member of the Advisory Committee. She has been an editor of the Baitussalam Bulletin-Baitussalam Publications since 2014 and she is also Strategic Policy Advisor on Administrative & HR matters at Raudhtausalam School. She has attended, organized, and conducted various personal and professional capacity-building workshops. She also occasionally helps out in developing layouts and designs for the family business product and marketing literature and campaigns. She has obtained Certification under the Directors' Training Program offered by the Pakistan Institute of Corporate Governance in 2021.	(MBA) from the Institute of Business Management, Karachi

Gatron (Industries) Limited	2022	2021	2020	2019	2018
Balance Sheet					
Fixed Assets	16938.30M	9769.08M	5949.20M	3577.72M	2359.40M
Investments	389.75M	402.57M	417.29M	875.10M	602.83M
Cash in Hand and Bank	336.61M	132.74M	103.26M	64.16M	70.32M
Stores and Spares	1579.47M	1315.07M	884.87M	762.93M	692.35M
Stock in Trade	11386.74M	6318.10M	3840.35M	2394.76M	2840.78M
Trade Debts	3975.79M	4322.53M	2897.20M	2230.26M	1528.56M
Current Assets	19999.23M	13366.48M	8273.00M	5699.90M	5784.99M
Quick Assets	7033.02M	5733.31M	3547.78M	2542.21M	2251.86M
Total Assets	37576.81M	23671.26M	14860.32M	10285.28M	8750.04M
Interest Bearing Long Term Liability	8179.33M	5696.30M	2840.44M	1174.78M	126.54M
Interest Bearing Short Term Liability	9440.95M	5169.09M	3611.22M	1675.11M	864.72M
* Non Interest Bearing Short Term Liability	10126.46M	7990.61M	1885.84M	1631.10M	2041.13M
Trades Payables	9244.06M	3668.08M	1847.05M	1577.63M	2032.55M
Total Current Liabilities	19864.69M	9407.99M	5562.39M	3362.40M	2946.34M
Total Liabilities	29716.75M	15899.82M	8905.17M	4952.55M	3446.05M
Paid Up Capital	767.29M	383.65M	383.65M	383.65M	383.65M
Reserves	7092.78M	7387.80M	5571.51M	4949.08M	4920.35M
Shareholder Equity	7860.07M	7771.44M	5955.15M	5332.73M	5304.00M
Paid Up Value	10.00	10.00	10.00	10.00	10.00
Number of Shares	76.73M	38.36M	38.36M	38.36M	38.36M
Income Statement					
Sales	27383.78M	23959.65M	16557.56M	12938.38M	17707.33M
COGS	25930.15M	20783.27M	14690.79M	11993.33M	16051.67M
Gross Profit	1453.63M	3176.39M	1866.78M	945.05M	1655.65M
Administrative Expenses	499.16M	347.74M	282.68M	290.66M	256.26M
Selling & Distributive Expenses	383.74M	298.26M	210.28M	172.45M	187.63M
Financial Charges	1074.51M	312.73M	127.20M	205.68M	17.39M
Other Income	1146.91M	581.55M	227.39M	1295.21M	1132.82M
Other Expenses	91.87M	239.98M	172.23M	113.16M	223.27M
EBITDA	2567.88M	3661.55M	1952.34M	2069.41M	2438.32M
EBIT	1625.78M	2871.94M	1428.97M	1664.00M	2121.31M
EBT	551.28M	2559.22M	1301.77M	1458.32M	2103.92M
Tax	345.98M	731.97M	236.04M	397.69M	309.19M
PAT	205.30M	1827.24M	1065.72M	1060.63M	1794.74M
EPS	2.68	47.63	27.78	27.65	46.78

Lotte Chemical Pakistan	2022	2021	2020	2019	2018
Balance Sheet					
Fixed Assets	7370.35M	7259.91M	6439.19M	4776.60M	5142.94M
Investments	11952.85M	15259.35M	14999.42M	3452.08M	-
Cash in Hand and Bank	4397.07M	46.32M	35.59M	8057.56M	4220.76M
Stores and Spares	1416.27M	1244.63M	965.53M	1201.48M	866.64M
Stock in Trade	8529.05M	5848.59M	4298.79M	4482.47M	5238.45M
Trade Debts	7053.88M	4511.53M	2998.64M	3440.26M	3401.05M
Current Assets	34184.33M	28154.28M	24151.89M	22005.81M	15570.20M
Quick Assets	24239.02M	21061.06M	18887.57M	16321.86M	9465.11M
Total Assets	43333.07M	36473.17M	31496.13M	27526.19M	21274.13M
Interest Bearing Long Term Liability	1660.10M	1539.77M	1582.19M	-	-
Interest Bearing Short Term Liability	314.48M	220.12M	177.63M	-	-
* Non Interest Bearing Short Term Liability	13546.55M	15544.99M	10106.29M	11565.57M	6893.65M
Trades Payables	13202.14M	15276.42M	9863.36M	11330.50M	6682.63M
Total Current Liabilities	18460.42M	15806.72M	10315.21M	11600.49M	8629.42M
Total Liabilities	20319.24M	17496.65M	13747.14M	11734.14M	8754.91M
Paid Up Capital	15142.07M	15142.07M	15142.07M	15142.07M	15142.07M
Reserves	7871.75M	3834.45M	2606.92M	649.98M	(2622.85M)
Shareholder Equity	23013.83M	18976.52M	17748.99M	15792.05M	12519.23M
Paid Up Value	10.00	10.00	10.00	10.00	10.00
Number of Shares	1514.21M	1514.21M	1514.21M	1514.21M	1514.21M
Income Statement					
Sales	100265.56M	67164.97M	38964.85M	60539.75M	57400.24M
COGS	82441.34M	59583.59M	36322.63M	52663.66M	50018.61M
Gross Profit	17824.21M	7581.38M	2642.22M	7876.10M	7381.64M
Administrative Expenses	602.53M	490.99M	434.29M	422.64M	387.66M
Selling & Distributive Expenses	158.30M	119.68M	107.28M	103.58M	102.44M
Financial Charges	1953.83M	974.04M	150.25M	156.50M	505.13M
Other Income	1840.70M	989.84M	1422.07M	1228.64M	514.50M
Other Expenses	1192.90M	487.50M	373.40M	642.81M	555.34M
EBITDA	18941.03M	8810.49M	4416.23M	8811.29M	7696.57M
EBIT	17711.18M	7473.05M	3149.33M	7935.70M	6850.70M
EBT	15757.34M	6499.01M	2999.09M	7779.21M	6345.57M
Tax	5638.87M	1856.10M	873.98M	2236.88M	1914.47M
PAT	10118.47M	4642.91M	2125.11M	5542.33M	4431.10M
EPS	6.68	3.07	1.40	3.66	2.93

Archroma Pakistan	2022	2021	2020	2019	2018
Balance Sheet					
Fixed Assets	1929.53M	1865.03M	1976.82M	1914.46M	1952.69M
Investments	-	601.00M	-	-	-
Cash in Hand and Bank	96.03M	1267.87M	269.24M	598.96M	532.11M
Stores and Spares	60.61M	62.58M	53.65M	49.36M	45.44M
Stock in Trade	3985.98M	2652.65M	3089.89M	3056.05M	2694.53M
Trade Debts	4826.63M	3769.71M	2788.16M	3916.35M	3733.33M
Current Assets	10428.31M	9752.96M	7798.70M	9541.05M	8999.75M
Quick Assets	6381.72M	7037.73M	4655.17M	6435.64M	6259.79M
Total Assets	12395.51M	11710.34M	9797.12M	11462.79M	10961.03M
Interest Bearing Long Term Liability	219.97M	207.74M	399.55M	90.57M	92.07M
Interest Bearing Short Term Liability	2089.22M	1708.51M	2348.80M	2956.47M	2523.12M
* Non Interest Bearing Short Term Liability	5774.56M	3776.04M	2136.24M	3109.56M	3333.54M
Trades Payables	5750.39M	3772.40M	2118.39M	3027.57M	3293.10M
Total Current Liabilities	8333.63M	5590.27M	4552.58M	6132.01M	5922.13M
Total Liabilities	8623.70M	5862.75M	5293.26M	6345.35M	6155.82M
Paid Up Capital	341.18M	341.18M	341.18M	341.18M	341.18M
Reserves	3430.63M	5506.41M	4162.68M	4776.26M	4464.03M
Shareholder Equity	3771.81M	5847.59M	4503.86M	5117.44M	4805.21M
Paid Up Value	10.00	10.00	10.00	10.00	10.00
Number of Shares	34.12M	34.12M	34.12M	34.12M	34.12M
Income Statement					
Sales	25154.03M	19872.24M	15038.94M	17353.05M	14290.09M
COGS	17933.56M	13692.93M	10834.22M	12006.90M	10345.40M
Gross Profit	7220.47M	6179.31M	4204.72M	5346.15M	3944.69M
Administrative Expenses	627.36M	583.78M	560.07M	507.63M	498.73M
Selling & Distributive Expenses	2594.38M	1973.39M	1569.56M	1744.33M	906.63M
Financial Charges	693.01M	271.66M	439.24M	680.27M	429.94M
Other Income	58.99M	57.93M	25.92M	15.98M	23.81M
Other Expenses	227.32M	219.01M	125.27M	279.89M	189.22M
EBITDA	4116.12M	3732.04M	2253.71M	3086.31M	2624.93M
EBIT	3830.40M	3461.05M	1975.74M	2830.29M	2373.92M
EBT	3137.38M	3189.39M	1536.49M	2150.02M	1943.98M
Tax	1252.32M	880.03M	367.23M	427.64M	407.70M
PAT	1885.07M	2309.37M	1169.27M	1722.38M	1536.28M
EPS	55.25	67.69	34.27	50.48	45.03

Engro Polymer and Chemicals	2022	2021	2020	2019	2018
Balance Sheet					
Fixed Assets	42621.45M	38829.29M	38492.24M	33812.07M	19397.76M
Investments	17943.32M	19388.63M	20430.53M	9589.42M	7753.06M
Cash in Hand and Bank	2852.05M	1916.99M	940.92M	777.82M	1359.21M
Stores and Spares	2464.11M	2041.84M	1784.73M	1568.93M	1562.77M
Stock in Trade	10415.99M	12590.67M	6194.51M	4302.84M	3581.39M
Trade Debts	2676.46M	834.36M	586.21M	469.61M	430.40M
Current Assets	35448.07M	32722.02M	24121.78M	16342.68M	16331.30M
Quick Assets	22567.97M	18089.52M	16142.54M	10470.91M	11187.15M
Total Assets	83957.62M	77821.60M	69031.11M	57466.45M	35970.31M
Interest Bearing Long Term Liability	21171.92M	19795.26M	23404.46M	23932.71M	7500.00M
Interest Bearing Short Term Liability	7191.57M	5885.46M	2916.89M	3146.32M	-
* Non Interest Bearing Short Term Liability	15282.72M	11963.14M	9883.84M	6906.09M	6499.98M
Trades Payables	14916.15M	11533.19M	9458.73M	6539.82M	6435.07M
Total Current Liabilities	32674.29M	24085.64M	15364.69M	15802.71M	11336.57M
Total Liabilities	56823.95M	47862.51M	42960.22M	39735.42M	19226.72M
Paid Up Capital	9089.23M	9089.23M	9089.23M	9089.23M	9089.23M
Reserves	15044.44M	17869.86M	13981.66M	8641.79M	7654.35M
Preferred Equity	3000.00M	3000.00M	3000.00M	-	-
Shareholder Equity	27133.67M	29959.09M	26070.90M	17731.02M	16743.59M
Paid Up Value	10.00	10.00	10.00	10.00	10.00
Income Statement					
Sales	82059.58M	70019.59M	35331.40M	37836.63M	35271.64M
COGS	58677.42M	45984.33M	24382.13M	29730.59M	26535.62M
Gross Profit	23382.16M	24035.27M	10949.27M	8106.04M	8736.02M
Administrative Expenses	1005.44M	682.92M	549.85M	565.84M	668.90M
Selling & Distributive Expenses	568.87M	376.34M	243.27M	391.62M	1374.97M
Financial Charges	3082.93M	1901.94M	2191.10M	1785.58M	606.15M
Other Income	1441.37M	1308.47M	1086.87M	894.26M	1234.41M
Other Expenses	3452.36M	2354.20M	835.79M	1214.56M	871.68M
EBITDA	22811.49M	24214.60M	12172.18M	8346.80M	8029.46M
EBIT	19796.86M	21930.28M	10407.23M	6828.28M	7054.88M
EBT	16713.93M	20028.34M	8216.13M	5042.69M	6448.74M
Tax	5004.04M	4925.73M	2503.89M	1339.19M	1531.44M
PAT	11709.89M	15102.61M	5712.25M	3703.50M	4917.30M
EPS	12.39	16.32	6.28	4.07	6.21

Nimir Industrial Chemicals	2022	2021	2020	2019	2018
Balance Sheet					
Fixed Assets	12309.19M	5544.09M	3826.27M	3122.89M	2553.19M
Investments	202.38M	202.38M	202.38M	290.05M	281.85M
Cash in Hand and Bank	260.28M	58.43M	101.72M	30.76M	6.45M
Stores and Spares	527.80M	292.09M	280.62M	203.64M	141.34M
Stock in Trade	7823.01M	5950.82M	3601.16M	2466.54M	2258.60M
Trade Debts	6219.98M	3226.71M	2127.17M	1757.64M	1621.68M
Current Assets	17535.06M	10468.38M	6769.46M	5075.88M	4726.09M
Quick Assets	9184.25M	4225.47M	2887.68M	2405.70M	2326.16M
Total Assets	30128.45M	16268.99M	10848.59M	8514.03M	7588.38M
Interest Bearing Long Term Liability	5499.88M	1896.68M	1004.47M	591.68M	480.19M
Interest Bearing Short Term Liability	13808.92M	6313.23M	3683.98M	3115.15M	2994.64M
* Non Interest Bearing Short Term Liability	355.98M	1633.30M	1458.26M	996.08M	946.88M
Trades Payables	-	1533.94M	1380.67M	914.31M	910.97M
Total Current Liabilities	16943.99M	9132.25M	5844.71M	4565.84M	4274.45M
Total Liabilities	23949.71M	11344.96M	7225.27M	5479.14M	4973.52M
Paid Up Capital	1105.91M	1105.91M	1105.91M	1105.91M	1105.91M
Reserves	5072.84M	3818.12M	2517.42M	1928.98M	1508.96M
Shareholder Equity	6178.74M	4924.03M	3623.32M	3034.88M	2614.86M
Paid Up Value	10.00	10.00	10.00	10.00	10.00
Number of Shares	110.59M	110.59M	110.59M	110.59M	110.59M
Income Statement					
Sales	33785.65M	23093.74M	17172.58M	14850.12M	12154.31M
COGS	29495.24M	19542.75M	14626.32M	12820.52M	10541.80M
Gross Profit	4290.40M	3550.99M	2546.26M	2029.60M	1612.51M
Administrative Expenses	377.69M	315.86M	228.36M	193.80M	167.53M
Selling & Distributive Expenses	227.42M	182.11M	140.46M	102.30M	149.74M
Financial Charges	1126.89M	464.00M	601.54M	359.50M	204.25M
Other Income	52.44M	41.09M	(114.36M)	(129.28M)	(71.92M)
Other Expenses	145.07M	233.44M	112.42M	86.06M	131.94M
EBITDA	4107.58M	3407.92M	2319.43M	1803.66M	1339.50M
EBIT	3592.67M	2860.67M	1950.65M	1518.15M	1091.37M
EBT	2465.78M	2396.67M	1349.11M	1158.65M	887.12M
Tax	870.14M	702.24M	422.64M	348.56M	191.58M
PAT	1595.63M	1694.43M	926.48M	810.10M	695.54M
EPS	14.43	15.32	8.38	7.33	6.29

PEER COMPARATIVE ANALYSIS

Balance Sheet



To assess how GATRON (Industries) Limited compares to its peers in terms of its balance sheet, we need to analyze key financial indicators over a five-year period. Let's evaluate GATRON in comparison to Lotte Chemical Pakistan, Archroma Pakistan, Engro Polymer and Chemicals, and Nimir Industrial Chemicals:

i. Fixed Assets

GATRON's fixed assets have shown significant growth over the five years, from 2359.40M in 2018 to 16938.30M in 2022. This indicates substantial capital investment in its assets.

Engro Polymer and Chemicals had the highest fixed assets throughout the period, but GATRON's recent growth has brought it closer in scale.

Lotte Chemical Pakistan has a stable, but smaller, fixed asset base, while Archroma Pakistan's fixed assets remained relatively constant.

ii. Investments

GATRON's investments have fluctuated but remain relatively low compared to other peers. Engro Polymer and Chemicals has the highest investment levels, which have been consistently high.

Lotte Chemical Pakistan also maintains significant investments, but they decreased in 2022. Nimir Industrial Chemicals and Archroma Pakistan have varying levels of investments.

iii. Cash in Hand and Bank

GATRON's cash in hand and bank balances have improved over the five years, suggesting better liquidity.

Engro Polymer and Chemicals holds the highest cash balances, while Archroma Pakistan and Lotte Chemical Pakistan have relatively smaller cash holdings.

iv. Current Assets

GATRON's current assets have grown substantially over the period, reflecting improved short-term liquidity.

Engro Polymer and Chemicals has consistently had the highest current assets, followed by GATRON in 2022.

Lotte Chemical Pakistan and Nimir Industrial Chemicals also have substantial current assets, with some fluctuations.

PEER COMPARATIVE ANALYSIS

Balance Sheet



v. Total Liabilities

GATRON's total liabilities have increased, but the company has maintained a reasonable Engro Polymer and Chemicals has the highest total liabilities but also the largest total assets. Lotte Chemical Pakistan and Nimir Industrial Chemicals have moderate levels of liabilities Archroma Pakistan has relatively low liabilities compared to assets.

vi. Shareholder Equity

GATRON's shareholder equity has been increasing steadily, suggesting a positive trend in terms of the company's net worth.

Engro Polymer and Chemicals maintains the highest shareholder equity, reflecting a strong financial position.

Lotte Chemical Pakistan also has significant equity, while Archroma Pakistan and Nimir Industrial Chemicals show moderate equity levels.

In summary, GATRON has shown significant growth in fixed assets and improvements in liquidity over the five-year period, indicating positive trends in its balance sheet. However, it is essential to consider that GATRON's scale may still be smaller than Engro Polymer and Chemicals and Lotte Chemical Pakistan, which have maintained strong financial positions. Archroma Pakistan and Nimir Industrial Chemicals also have their unique financial profiles.

The assessment of GATRON's balance sheet should consider the industry's specific dynamics, the company's strategic goals, and its ability to manage both short-term and long-term financial obligations. Comparing the balance sheet to its peers can provide valuable insights, but a comprehensive analysis would require examining other financial ratios and performance indicators.

PEER COMPARATIVE ANALYSIS

Income Statement



Certainly, here's a concise comparison of GATRON (Industries) Limited's income statement with its peers, Lotte Chemical Pakistan, Archroma Pakistan, Engro Polymer and Chemicals, and Nimir Industrial Chemicals:

i. Sales

GATRON's sales have shown some fluctuations but increased in 2022, indicating potential Engro Polymer and Chemicals consistently had the highest sales. Lotte Chemical Pakistan had the second-highest sales, although there was a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also had stable sales, with some variations.

ii. Gross Profit

GATRON's gross profit has shown variations, with a significant decrease in 2021 and a recovery in 2022. Engro Polymer and Chemicals consistently had the highest gross profit. Lotte Chemical Pakistan had substantial gross profit, with a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also maintained stable gross profits.

iii. Operating Expenses

GATRON's administrative expenses remained relatively consistent over the years. Engro Polymer and Chemicals incurred higher administrative expenses compared to other peers. Lotte Chemical Pakistan, Archroma Pakistan, and Nimir Industrial Chemicals had varying administrative expenses.

iv. Financial Charges

GATRON's financial charges fluctuated over the years but were higher in 2022. Engro Polymer and Chemicals consistently had higher financial charges. Lotte Chemical Pakistan had moderate financial charges. Archroma Pakistan and Nimir Industrial Chemicals also had varying financial charges.

PEER COMPARATIVE ANALYSIS

Income Statement



v. Profit After Tax (PAT)

GATRON's PAT showed fluctuations, with a significant increase in 2021 and a decline in 2022.

Engro Polymer and Chemicals consistently had the highest PAT.

Lotte Chemical Pakistan had the second-highest PAT, with a decrease in 2022.

Archroma Pakistan and Nimir Industrial Chemicals also had varying PAT.

vi. Earnings Per Share (EPS)

GATRON's EPS showed fluctuations, with a significant increase in 2021.

Engro Polymer and Chemicals had the highest EPS.

Lotte Chemical Pakistan had the second-highest EPS, with a decrease in 2022.

Archroma Pakistan and Nimir Industrial Chemicals also had varying EPS.

In summary, GATRON has displayed growth potential in its income statement but still lags behind Engro Polymer and Chemicals, which consistently leads in various financial indicators. Lotte Chemical Pakistan maintains a strong position, although it faced challenges in 2022. Archroma Pakistan and Nimir Industrial Chemicals have their financial dynamics.

Gatron (Industries) Limited	2022	2021	2020	2019	2018
Financial Ratios					
Payout	112.122	0	0	45.214	56.647
Plow Back	-12.122	100	100	54.786	43.353
Return on Equity	2.612	23.512	17.896	19.889	33.837
Return on Assets	0.546	7.719	7.172	10.312	20.511
Book Value per Share	102.439	202.569	155.226	139.002	138.253
Earning Per Share	2.68	47.63	27.78	27.65	46.78
Net Working Capital to Total Assets	0.004	0.167	0.182	0.227	0.324
Current Ratio	1.007	1.421	1.487	1.695	1.963
Acid Test	0.354	0.609	0.638	0.756	0.764
Times Interest Earned	1.513	9.184	11.234	8.09	121.985
Total Debt Ratio	0.791	0.672	0.599	0.482	0.394
Debt To Equity	3.781	2.046	1.495	0.929	0.65
Return on Capital Employed	0.092	0.201	0.154	0.24	0.366
Average Collection Period	52.994	65.849	63.867	62.917	31.508
Days sales Inventory	182.516	134.055	117.4	96.1	80.34
Total Assets Turnover	0.729	1.012	1.114	1.258	2.024
Gross Profit Margin	5.308	13.257	11.274	7.304	9.35
Net Profit Margin	0.75	7.626	6.436	8.198	10.136

Archroma Pakistan	2022	2021	2020	2019	2018
Financial Ratios					
Payout	81.446	132.963	87.537	89.139	88.833
Plow Back	18.554	-32.963	12.463	10.861	11.167
Return on Equity	49.978	39.493	25.961	33.657	31.971
Return on Assets	15.208	19.721	11.935	15.026	14.016
Book Value per Share	110.552	171.394	132.009	149.993	140.841
Earning Per Share	55.25	67.69	34.27	50.48	45.03
Net Working Capital to Total Assets	0.169	0.355	0.331	0.297	0.281
Current Ratio	1.251	1.745	1.713	1.556	1.52
Acid Test	0.766	1.259	1.023	1.05	1.057
Times Interest Earned	5.527	12.74	4.498	4.161	5.522
Total Debt Ratio	0.696	0.501	0.54	0.554	0.562
Debt To Equity	2.286	1.003	1.175	1.24	1.281
Return on Capital Employed	0.943	0.566	0.377	0.531	0.471
Average Collection Period	70.037	69.239	67.67	82.376	95.357
Days sales Inventory	82.36	72.377	105.904	94.402	96.67
Total Assets Turnover	2.029	1.697	1.535	1.514	1.304
Gross Profit Margin	28.705	31.095	27.959	30.808	27.604
Net Profit Margin	7.494	11.621	7.775	9.926	10.751

Lotte Chemical Pakistan	2022	2021	2020	2019	2018
Financial Ratios					
Payout	89.789	48.92	53.44	40.981	51.258
Plow Back	10.211	51.08	46.56	59.019	48.742
Return on Equity	43.967	24.467	11.973	35.096	35.394
Return on Assets	23.35	12.73	6.747	20.135	20.829
Book Value per Share	15.199	12.532	11.722	10.429	8.268
Earning Per Share	6.68	3.07	1.4	3.66	2.93
Net Working Capital to Total Asseets	0.363	0.339	0.439	0.378	0.326
Current Ratio	1.852	1.781	2.341	1.897	1.804
Acid Test	1.313	1.332	1.831	1.407	1.097
Times Interest Earned	9.065	7.672	20.961	50.708	13.562
Total Debt Ratio	0.469	0.48	0.436	0.426	0.412
Debt To Equity	0.883	0.922	0.775	0.743	0.699
Return on Capital Employed	0.712	0.362	0.149	0.498	0.542
Average Collection Period	25.678	24.517	28.09	20.742	21.627
Days sales Inventory	44.032	43.452	52.9	39.394	44.551
Total Assets Turnover	2.314	1.841	1.237	2.199	2.698
Gross Profit Margin	17.777	11.288	6.781	13.01	12.86
Net Profit Margin	10.092	6.913	5.454	9.155	7.72

Engro Polymer and Chemicals	2022	2021	2020	2019	2018
Financial Ratios					
Payout	97.025	98.099	19.89	19.634	20.333
Plow Back	2.975	1.901	80.11	80.366	79.667
Return on Equity	48.521	56.02	24.76	20.887	29.368
Return on Assets	13.947	19.407	8.275	6.445	13.67
Book Value per Share	26.552	29.66	25.383	19.508	18.421
Earning Per Share	12.39	16.32	6.28	4.07	6.21
Net Working Capital to Total Asseets	0.033	0.111	0.127	0.009	0.139
Current Ratio	1.085	1.359	1.57	1.034	1.441
Acid Test	0.691	0.751	1.051	0.663	0.987
Times Interest Earned	6.421	11.53	4.75	3.824	11.639
Total Debt Ratio	0.677	0.615	0.622	0.691	0.535
Debt To Equity	2.094	1.598	1.648	2.241	1.148
Return on Capital Employed	0.386	0.408	0.194	0.164	0.286
Average Collection Period	11.905	4.349	6.056	4.53	4.454
Days sales Inventory	80.12	116.145	119.449	72.087	70.758
Total Assets Turnover	0.977	0.9	0.512	0.658	0.981
Gross Profit Margin	28.494	34.326	30.99	21.424	24.768
Net Profit Margin	14.27	21.569	16.168	9.788	13.941

PEER COMPARATIVE ANALYSIS

Financial Ratios



Here's a concise comparison of GATRON (Industries) Limited's financial ratios with its peers, Lotte Chemical Pakistan, Archroma Pakistan, and Engro Polymer and Chemicals.

i. Payout Ratio

GATRON had a very high payout ratio in 2022, indicating that it distributed most of its earnings as dividends.

Lotte Chemical Pakistan had a lower payout ratio but showed a significant increase in 2021. Archroma Pakistan had relatively high payout ratios, while Engro Polymer and Chemicals consistently maintained moderate payout ratios.

ii. Plow Back Ratio

GATRON had a negative plow back ratio in 2022, implying it did not reinvest its earnings into the business.

Lotte Chemical Pakistan's plow back ratios were positive, indicating reinvestment. Archroma Pakistan and Engro Polymer and Chemicals also had positive plow back ratios, with some variations.

iii. Return on Equity (ROE)

GATRON's ROE showed fluctuations, with a decrease in 2021.

Lotte Chemical Pakistan had a high ROE but showed a decline in 2022.

Archroma Pakistan displayed varying ROE values, with a substantial increase in 2022.

Engro Polymer and Chemicals consistently had a strong ROE.

iv. Return on Assets (ROA)

GATRON's ROA had variations, with a decrease in 2022.

Lotte Chemical Pakistan's ROA showed fluctuations but remained relatively high.

Archroma Pakistan displayed varying ROA values, with a significant increase in 2022.

Engro Polymer and Chemicals consistently maintained a moderate to high ROA.

vi. Return on Capital Employed (ROCE)

GATRON's ROCE remained relatively low.

Lotte Chemical Pakistan had a strong ROCE, although it showed some variation.

Archroma Pakistan had varying ROCE values, with a substantial increase in 2022.

Engro Polymer and Chemicals consistently had a strong ROCE.

PEER COMPARATIVE ANALYSIS

Financial Ratios



vii. Efficiency Ratios

GATRON had longer average collection periods and days sales inventory, indicating potential inefficiencies.

Lotte Chemical Pakistan had shorter average collection periods and days sales inventory, suggesting better efficiency.

Archroma Pakistan and Engro Polymer and Chemicals had varying efficiency ratios, with Engro Polymer showing shorter collection periods and days sales inventory.

viii. Profit Margins

GATRON's profit margins showed fluctuations but were generally lower.

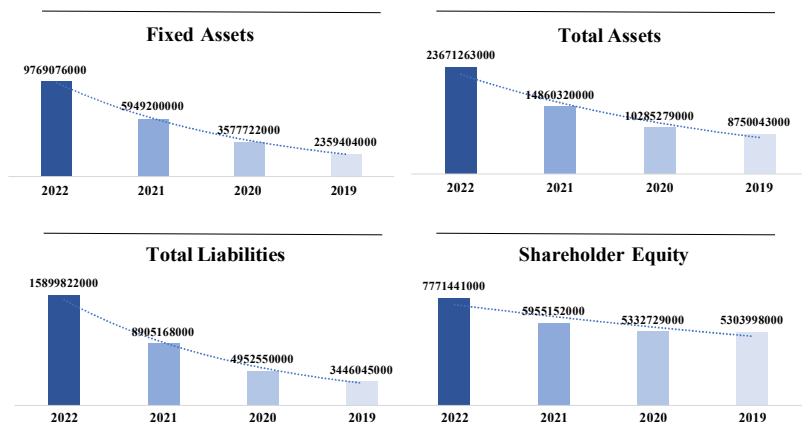
Lotte Chemical Pakistan had higher gross profit margins but showed a decrease in 2022.

Archroma Pakistan and Engro Polymer and Chemicals consistently maintained strong profit margins.

In summary, GATRON has faced challenges in terms of high payout ratios and fluctuating financial performance. It has a high debt burden and lower efficiency ratios. Lotte Chemical Pakistan and Engro Polymer and Chemicals seem to have stronger financial positions, with better efficiency and profitability. Archroma Pakistan showed improvement in various ratios in 2022. A comprehensive analysis would require considering industry trends and specific business strategies to make a precise assessment of GATRON's financial ratios compared to its peers.

Trend Analysis

Balance sheet



i. Fixed Assets

There was a significant decline in fixed assets from 2019 to 2020, followed by a strong recovery in 2021 and continued growth in 2022. The company seems to have made substantial investments in fixed assets in the last two years, which could be indicative of expansion, modernization, or strategic initiatives.

ii. Total Assets

Total assets continued to grow in 2021, reaching \$10,285.28 million, a 45% increase from the previous year. The strong recovery suggests a positive outlook and potential expansion of the company's asset base. In 2022, total assets increased again to \$8,750.04 million, marking an 18% growth from the previous year. This indicates continued growth and investment in the company's assets.

iii. Total Liabilities

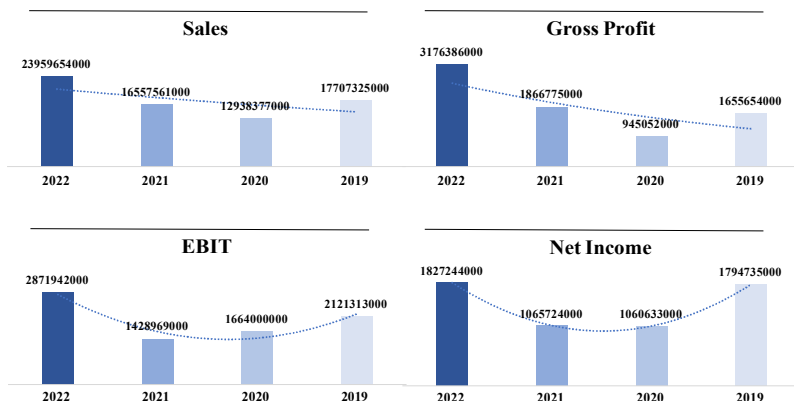
There was a substantial decline in total liabilities from 2019 to 2020, followed by a significant increase in 2021, and a more modest growth in 2022. The company appears to have managed its liabilities by reducing them significantly in 2020 and then adjusting to support business initiatives in the following years.

iv. Shareholder Equity

There was a notable increase in shareholder equity from 2019 to 2020, followed by a slight decrease in 2021 and stability in 2022. The fluctuations in shareholder equity may be influenced by various factors, including profit retention, dividends, and market valuation of assets and liabilities.

Trend Analysis

Income Statement



i. Sales/Revenue

There was a significant decline in sales from 2019 to 2020, followed by a strong recovery in 2021 and continued growth in 2022. The fluctuations in sales may be influenced by a range of factors, including market conditions, consumer demand, and company-specific strategies.

ii. Gross Profit

Gross Profit in 2019 was \$3,176.39 million. In 2020, there was a decrease of approximately 41% to \$1,866.78 million, reflecting a significant decline in profitability. In 2021, Gross Profit increased by 77% to \$3,343.53 million. This substantial rebound suggests a positive trend, indicating improved profitability, possibly through cost control measures or increased sales. But in 2022, Gross Profit decreased to \$1,655.65 million, marking a 50% decrease from the previous year. This decrease could be due to various factors, such as increased costs or changes in the competitive landscape.

iii. Earnings Before Interest and Taxes (EBIT)

EBIT in 2019 was \$2,871.94 million. In 2020, there was a decrease of approximately 50% to \$1,428.97 million. EBIT continued to grow in 2021, reaching \$1,664.00 million, a 17% increase from the previous year. This growth may be indicative of enhanced operational efficiency or improved product pricing. In 2022, EBIT decreased to \$1,121.31 million, marking a 33% decrease from the previous year.

iv. Net Income

AT in 2019 was \$1,827.24 million. In 2020, there was a decrease of approximately 42% to \$1,065.72 million, reflecting a significant decline in profitability. PAT remained relatively stable in 2021 at \$1,060.63 million. This stability may indicate ongoing efforts to manage costs and maintain profitability. In 2022, PAT decreased significantly to -\$254.50 million, marking a substantial loss. This dramatic change could be attributed to various factors, including exceptional expenses, unfavorable market conditions, or strategic decisions. The fluctuations in PAT may be influenced by factors such as operational costs, market conditions, and extraordinary events.

Vertical Analysis of Comparative Balance Sheets
Gatron (Industries) Limited



Description	2022		2021		2020		2019	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Assets								
Cash in Hand and Bank	336.61M	0.0%	132.74M	0.6%	103.26M	0.7%	64.16M	0.7%
Investments	389.75M	1.1%	402.57M	1.7%	417.29M	2.9%	875.10M	9.4%
Trade Debts	3975.79M	10.8%	4322.53M	18.7%	2897.20M	20.4%	2230.26M	24.0%
Stores and Spares	1579.47M	4.3%	1315.07M	5.7%	884.87M	6.2%	762.93M	8.2%
Stock in Trade	11386.74M	30.8%	6318.10M	27.3%	3840.35M	27.0%	2394.76M	25.8%
Quick Assets	7033.02M	19.0%	5733.31M	24.8%	3547.78M	24.9%	2542.21M	27.4%
Current Assets	19999.23M	54.1%	13366.48M	57.8%	8273.00M	58.2%	5699.90M	61.4%
Fixed Assets	16938.30M	45.9%	9769.08M	42.2%	5949.20M	41.8%	3577.72M	38.6%
Total Assets	36937.52M	100.0%	23135.56M	100.0%	14222.20M	100.0%	9277.62M	100.0%
Liabilities and Stockholder's Equity								
Liabilities								
Interest Bearing Long Term Liability	8179.33M	27.5%	5696.30M	35.8%	2840.44M	31.9%	1174.78M	23.7%
Deferred liabilities and income	1672.73M	5.6%	795.53M	5.0%	502.34M	5.6%	415.37M	8.4%
Total Non-Current Liabilities	9852.06M	33.2%	6491.84M	40.8%	3342.78M	37.5%	1590.16M	32.1%
Interest Bearing Short Term Liability	9440.95M	31.8%	5169.09M	32.5%	3611.22M	40.6%	1675.11M	33.8%
Non Interest Bearing Short Term Liability	10126.46M	34.1%	7990.61M	50.3%	1885.84M	21.2%	1631.10M	32.9%
Trades Payables	9244.06M	31.1%	3668.08M	23.1%	1847.05M	20.7%	1577.63M	31.9%
Total Current Liabilities	19864.69M	66.8%	9407.99M	59.2%	5562.39M	62.5%	3362.40M	67.9%
Total Liabilities	29716.75M	100.0%	15899.82M	100.0%	8905.17M	100.0%	4952.55M	100.0%
Stockholder's Equity								
Paid Up Capital	767.29M	9.8%	383.65M	4.9%	383.65M	6.4%	383.65M	7.2%
Reserves	7092.78M	90.2%	7387.80M	95.1%	5571.51M	93.6%	4949.08M	92.8%
Total Stockholder's Equity	7860.07M	100.0%	7771.44M	100.0%	5955.15M	100.0%	5332.73M	100.0%
Income Statement								
Description	2022		2021		2020		2019	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Sales	27383.78M	100.0%	23959.65M	100.0%	16557.56M	100.0%	12938.38M	100.0%
COGS	25930.15M	94.7%	20783.27M	86.7%	14690.79M	88.7%	11993.33M	92.7%
Gross Profit	1453.63M	5.3%	3176.39M	13.3%	1866.78M	11.3%	945.05M	7.3%
Administrative Expenses	499.16M	1.8%	347.74M	1.5%	282.68M	1.7%	290.66M	2.2%
Selling & Distributive Expenses	383.74M	1.4%	298.26M	1.2%	210.28M	1.3%	172.45M	1.3%
Financial Charges	1074.51M	3.9%	312.73M	1.3%	127.20M	0.8%	205.68M	1.6%
Other Income	1146.91M	4.2%	581.55M	2.4%	227.39M	1.4%	1295.21M	10.0%
Other Expenses	91.87M	0.3%	239.98M	1.0%	172.23M	1.0%	113.16M	0.9%
EBITDA	2567.88M	9.4%	3661.55M	15.3%	1952.34M	11.8%	2069.41M	16.0%
EBIT	1625.78M	5.9%	2871.94M	12.0%	1428.97M	8.6%	1664.00M	12.9%
EBT	551.28M	2.0%	2559.22M	10.7%	1301.77M	7.9%	1458.32M	11.3%
Tax	345.98M	1.3%	731.97M	3.1%	236.04M	1.4%	397.69M	3.1%
PAT	205.30M	0.7%	1827.24M	7.6%	1065.72M	6.4%	1060.63M	8.2%
EPS	2.68	0.0%	47.63	0.0%	27.78	0.0%	27.65	0.0%



Current Assets:

Cash in Hand and Bank:

The slight increase in cash as a percentage of total assets indicates improved liquidity, potentially driven by efficient cash management strategies.

Investments:

The decrease in the proportion of investments suggests a shift in the company's investment portfolio or a response to changing market conditions.

Trade Debts:

The significant decrease in trade debts as a percentage of total assets implies effective management of receivables, contributing to enhanced liquidity.

Quick Assets:

The decrease in quick assets as a percentage of total assets suggests a change in the liquidity mix, possibly a result of strategic financial planning.

Fixed Assets:

The substantial increase in fixed assets as a percentage of total assets indicates significant investments in property, plant, and equipment. This suggests expansion, modernization, or capacity enhancement initiatives.

Liabilities:

Interest Bearing Long Term Liability:

The decrease in interest-bearing long-term liabilities suggests a potential focus on reducing long-term debt, possibly through refinancing or debt repayment.

Total Non-Current Liabilities:

The decrease in the proportion of non-current liabilities may signify a shift in the financing structure, possibly opting for shorter-term obligations.

Interest Bearing Short Term Liability:

The stable percentage of interest-bearing short-term liabilities indicates a consistent reliance on short-term financing sources.

Non-Interest Bearing Short Term Liability:

The decrease in non-interest-bearing short-term liabilities suggests potential improvements in working capital management, resulting in reduced short-term obligations.

Trades Payables:

The increase in trades payables as a percentage of total liabilities may reflect changes in the company's payment terms with suppliers.

Total Current Liabilities:

The increase in current liabilities indicates a higher short-term financial obligation, requiring careful monitoring to ensure liquidity remains stable.

Total Liabilities:

The consistent percentage of total liabilities suggests a balanced approach to long-term and short-term financing, maintaining financial stability.



Stockholder's Equity:

Paid-Up Capital:

The substantial increase in paid-up capital signifies an infusion of equity, which could be for funding expansion or strengthening the company's financial position.

Total Stockholder's Equity:

The consistent percentage of total stockholder's equity indicates a balanced capital structure, showcasing stability despite significant changes in assets and liabilities.

Income Statement Analysis (2022 vs. 2021):

Sales:

The 14% growth in sales suggests increased demand or market share, indicating positive business performance.

Gross Profit:

The 54% decrease in gross profit requires further investigation into factors affecting profitability, such as increased COGS or pricing pressures.

Financial Charges:

The substantial increase in financial charges by 244% indicates higher debt or increased interest rates, necessitating a detailed review of the company's debt management strategies.

EBITDA and EBIT:

The decline in both EBITDA and EBIT by 30% and 43%, respectively, raises concerns about operational and gross profitability, requiring a thorough analysis of cost structures.

Profit After Tax (PAT):

The 89% decrease in PAT indicates a significant impact on overall profitability, urging a comprehensive examination of the income statement components.

Conclusion:

Balance Sheet Overview:

Gatron's balance sheet reflects substantial growth in both current and fixed assets, indicating strategic investments in operational and productive capacity.

Debt Management:

Recommendation: Careful management of long-term debt is advised to ensure it aligns with the company's financial stability and growth objectives.

Cost Analysis:

Recommendation: A detailed cost analysis is necessary to understand the factors contributing to the decrease in gross profit, allowing for strategies to improve operational efficiency.

Expansion Strategies:

Recommendation: Assess the performance of recent investments in fixed assets to ensure they generate expected returns and contribute to the company's growth.

Revenue Diversification:

Recommendation: Exploring new revenue streams or diversifying into related product lines is recommended to reduce reliance on specific markets and enhance overall business resilience.

Horizontal Analysis of Comparative Balance Sheets								
For Years Ended March 31, 2022 and 2021								
Description	2022		Horizontal Variance		2021		Horizontal Variance	
	Amount	Amount	Amount	Percentage	Amount	Amount	Amount	Percentage
Cash in Hand and Bank	336.61M	132.74M	203.88M	154%	132.74M	103.26M	29.48M	29%
Investments	389.75M	402.57M	(12.82M)	-3%	402.57M	417.29M	(14.73M)	-4%
Trade Debts	3975.79M	4322.53M	(346.74M)	-8%	4322.53M	2897.20M	1425.33M	49%
Stores and Spares	1579.47M	1315.07M	264.40M	20%	1315.07M	884.87M	430.20M	49%
Stock in Trade	11386.74M	6318.10M	5068.64M	80%	6318.10M	3840.35M	2477.75M	65%
Quick Assets	7033.02M	5733.31M	1299.72M	23%	5733.31M	3547.78M	2185.53M	62%
Current Assets	19999.23M	13366.48M	6632.75M	50%	13366.48M	8273.00M	5093.48M	62%
Fixed Assets	16938.30M	9769.08M	7169.22M	73%	9769.08M	5949.20M	3819.88M	64%
Total Assets	36937.52M	23135.56M	13801.97M	60%	23135.56M	14222.20M	8913.36M	63%
Liabilities and Stockholder's Equity								
Liabilities								
Description	2022		Horizontal Variance		2021		Horizontal Variance	
	Amount	Amount	Amount	Percentage	Amount	Amount	Amount	Percentage
Interest Bearing Long Term Liability	8179.33M	5696.30M	2483.02M	44%	5696.30M	2840.44M	2855.87M	101%
Deferred liabilities and income	1672.73M	795.53M	877.19M	110%	795.53M	502.34M	293.19M	58%
Total Non-Current Liabilities	9852.06M	6491.84M	3360.22M	52%	6491.84M	3342.78M	3149.05M	94%
Interest Bearing Short Term Liability	9440.95M	5169.09M	4271.85M	83%	5169.09M	3611.22M	1557.87M	43%
Non Interest Bearing Short Term Liability	10126.46M	7990.61M	2135.85M	27%	7990.61M	1885.84M	6104.77M	324%
Trades Payables	9244.06M	3668.08M	5575.98M	152%	3668.08M	1847.05M	1821.03M	99%
Total Current Liabilities	19864.69M	9407.99M	10456.71M	111%	9407.99M	5562.39M	3845.60M	69%
Total Liabilities	29716.75M	15899.82M	13816.93M	87%	15899.82M	8905.17M	6994.65M	79%
Stockholder's Equity								
Description	2022		Horizontal Variance		2021		Horizontal Variance	
	Amount	Amount	Amount	Percentage	Amount	Amount	Amount	Percentage
Paid Up Capital	767.29M	383.65M	383.65M	100%	383.65M	383.65M	-	0%
Reserves	7092.78M	7387.80M	(295.02M)	-4%	7387.80M	5571.51M	1816.29M	33%
Total Stockholder's Equity	7860.07M	7771.44M	88.63M	1%	7771.44M	5955.15M	1816.29M	30%
Income Statement								
Description	2022		Horizontal Variance		2021		Horizontal Variance	
	Amount	Amount	Amount	Percentage	Amount	Amount	Amount	Percentage
Sales	27383.78M	23959.65M	3424.13M	14%	23959.65M	16557.56M	7402.09M	45%
COGS	25930.15M	20783.27M	5146.88M	25%	20783.27M	14690.79M	6092.48M	41%
Gross Profit	1453.63M	3176.39M	(1722.76M)	-54%	3176.39M	1866.78M	1309.61M	70%
Administrative Expenses	499.16M	347.74M	151.41M	44%	347.74M	282.68M	65.06M	23%
Selling & Distributive Expenses	383.74M	298.26M	85.47M	29%	298.26M	210.28M	87.98M	42%
Financial Charges	1074.51M	312.73M	761.78M	244%	312.73M	127.20M	185.52M	146%
Other Income	1146.91M	581.55M	565.37M	97%	581.55M	227.39M	354.16M	156%
Other Expenses	91.87M	239.98M	(148.12M)	-62%	239.98M	172.23M	67.75M	39%
EBITDA	2567.88M	3661.55M	(1093.68M)	-30%	3661.55M	1952.34M	1709.21M	88%
EBIT	1625.78M	2871.94M	(1246.16M)	-43%	2871.94M	1428.97M	1442.97M	101%
EBT	551.28M	2559.22M	(2007.94M)	-78%	2559.22M	1301.77M	1257.45M	97%
Tax	345.98M	731.97M	(386.00M)	-53%	731.97M	236.04M	495.93M	210%
PAT	205.30M	1827.24M	(1621.94M)	-89%	1827.24M	1065.72M	761.52M	71%

Horizontal Analysis of Comparative Balance Sheets
For Years Ended March 31, 2022 and 2021
Balance Sheet Analysis

Current Assets:

Gatron's current assets have increased significantly from 2021 to 2022, showing a growth of 50%. This growth is primarily driven by a substantial increase in stock in trade, stores and spares, and trade debts. It indicates improved working capital management and possibly increased sales and business activity.

Fixed Assets:

The fixed assets have also experienced substantial growth, increasing by 73%. This suggests that Gatron might have invested heavily in property, plant, and equipment. The company might be expanding its production capacity or upgrading existing facilities.

Liabilities:

Total liabilities have increased by 87%. This growth is primarily due to a significant increase in interest-bearing long-term liabilities and trade payables. The increase in long-term liabilities may indicate that Gatron took on more debt for expansion or investment purposes.

Stockholder's Equity:

Stockholder's equity has increased by 1%. Although it is a minor increase compared to other elements of

Income Statement Analysis

the balance sheet, it indicates that the company has managed to maintain a stable equity base despite substantial investments.

Sales:

Gatron's sales have grown by 14% from 2021 to 2022. This increase in revenue suggests that the company may have experienced higher demand for its products or successfully increased its market share.

Gross Profit:

The gross profit has decreased by 54%, indicating a significant reduction in profitability. This could be due to various factors such as increased costs of goods sold (COGS) or pricing pressure. Further analysis is needed to understand the cause of this decline.

Financial Charges:

Financial charges have increased by a substantial 244%. This indicates that Gatron may have taken on more debt in 2022, leading to higher interest expenses. It's essential to assess the purpose and terms of this additional debt to understand its impact on the company's financial health.

EBITDA and EBIT:

Both EBITDA and EBIT have declined significantly by 30% and 43%, respectively. This reflects the challenges Gatron faced in maintaining its operating and gross profitability in 2022.

Profit After Tax (PAT):

PAT decreased by 89%. The company's overall profitability is substantially impacted in 2022.

Conclusion:

Gatron's balance sheet indicates substantial growth in current and fixed assets, which suggests investments in operational and productive capacity. However, this growth in assets is accompanied by a significant increase in long-term debt, which requires careful monitoring.

The income statement reveals a decline in profitability due to reduced gross profit and higher financial charges. The company needs to scrutinize its cost structure and financial management practices.

Recommendations:

Careful Debt Management: Gatron should carefully manage its long-term debt to ensure it does not strain its financial stability. **Cost Analysis:** Analyze the factors contributing to the decrease in gross profit and devise strategies to improve operational efficiency and reduce COGS.

Expansion Strategies: Assess the performance of recent investments in fixed assets to ensure they generate expected returns. **Explore Revenue Diversification:** Gatron might consider exploring new revenue streams or diversifying into related product lines to reduce reliance on specific markets.

Monitoring Financial Charges: Keep a close eye on the increased financial charges and assess their impact on profitability.

Cash Flow Statement					
Operating Activities					
All values PKR Millions.	2022	2021	2020	2019	2018
Net Income before Extraordinaries	3,045M	3,381M	1,918M	4,380M	2,376M
Net Income Growth	-9.94%	76.24%	-56.20%	84.31%	-
Depreciation, Depletion & Amortization	932M	660M	523M	427M	384M
Depreciation and Depletion	932M	660M	523M	427M	384M
Other Funds	-431M	-1,188M	-671M	-2,599M	-1,303M
Funds from Operations	3,545M	2,853M	1,770M	2,208M	1,457M
Changes in Working Capital	-3,249M	-3,123M	-425M	-659M	952M
Receivables	-1,677M	-865M	-507M	-510M	570M
Inventories	-3,025M	-1,648M	364M	-280M	-704M
Accounts Payable	1,798M	-489M	-290M	133M	1,208M
Other Assets/Liabilities	-345M	-120M	8M	-3M	-122M
Net Operating Cash Flow	296M	-270M	1,346M	1,548M	2,410M
Net Operating Cash Flow Growth	209.73%	-120.06%	-13.10%	-35.75%	-
Net Operating Cash Flow / Sales	1.24%	-1.63%	10.40%	8.74%	18.99%
Investing Activities					
All values PKR Millions.	2022	2021	2020	2019	2018
Capital Expenditures	-5,625	-3,028	-2,525	-1,221	-534
Capital Expenditures (Fixed Assets)	-5,601	-3,009	-2,508	-1,221	-534
Capital Expenditures (Other Assets)	-24M	-18M	-18M	-	-
Capital Expenditures Growth	-85.78%	-19.90%	-106.78%	-128.76%	-
Capital Expenditures / Sales	-23.48%	-18.29%	-19.52%	-6.90%	-4.21%
Sale of Fixed Assets & Businesses	269M	27M	125M	18M	57M
Net Investing Cash Flow	-5,356	-3,000	-2,400	-1,203	-477
Net Investing Cash Flow Growth	-78.51%	-24.99%	-99.52%	-152.16%	-
Net Investing Cash Flow / Sales	-22.35%	-18.12%	-18.55%	-6.79%	-3.76%
Financing Activities					
All values PKR Millions.	2022	2021	2020	2019	2018
Cash Dividends Paid - Total	0M	0M	-1,050M	-753M	-76M
Common Dividends	0M	0M	-1,050M	-753M	-76M
Issuance/Reduction of Debt, Net	3,095M	1,779M	1,051M	127M	-1,700M
Change in Current Debt	-	-	-	-	-1,564M
Change in Long-Term Debt	3,095M	1,779M	1,051M	127M	-136M
Issuance of Long-Term Debt	3,186M	1,780M	1,051M	127M	0M
Reduction in Long-Term Debt	-90M	-1M	-	-	-136M
Net Financing Cash Flow	3,095M	1,779M	2M	-626M	-1,776M
Net Financing Cash Flow Growth	73.97%	115347.50%	100.25%	64.76%	-
Net Financing Cash Flow / Sales	12.92%	10.74%	0.01%	-3.54%	-13.99%
Net Change in Cash	-1,965M	-1,491M	-1,053M	-281M	156M
Free Cash Flow	-5,305M	-3,279M	-1,162M	327M	1,876M
Free Cash Flow Growth	-61.78%	-182.21%	-455.16%	-82.56%	-
Free Cash Flow Yield	-33.32%	-	-	-	-

Cash Flow Statement

Comparative Analysis

Net Operating Cash Flow:

In 2022, Gatron generated a net operating cash flow of 296 million PKR, showing a significant increase of 209.73% compared to the previous year.

The net operating cash flow was negative in 2021, indicating that the company spent more on operating activities than it generated in cash.

In 2020, Gatron had a positive net operating cash flow of 1,346 million PKR, but it decreased by 13.10% from the previous year.

The net operating cash flow as a percentage of sales was low in 2022 at 1.24%, which was a substantial drop from 10.40% in 2020 and 8.74% in 2019.

Investing Activities:

Gatron's capital expenditures (CAPEX) increased significantly in 2022, reaching -5,625 million PKR, an 85.78% growth compared to the previous year.

The company invested heavily in both fixed assets and other assets, resulting in a negative cash flow from investing activities.

The sale of fixed assets and businesses contributed 269 million PKR in cash, but it couldn't offset the negative impact of CAPEX.

The net investing cash flow was -5,356 million PKR in 2022, representing a 78.51% decrease from the previous year.

As a percentage of sales, the net investing cash flow remained negative, indicating substantial investments in the company's assets.

Financing Activities:

Gatron didn't pay any cash dividends in 2022, which was a change from the previous years when it paid substantial dividends.

The company raised significant funds through the issuance of long-term debt, contributing 3,095 million PKR to the net financing cash flow.

The net financing cash flow increased by 73.97% in 2022, reaching 3,095 million PKR.

Gatron maintained a positive net financing cash flow, indicating that it raised more funds from financing activities than it repaid or paid out.

The net financing cash flow as a percentage of sales was 12.92%, reflecting a strong financial position.

Net Change in Cash and Free Cash Flow:

In 2022, Gatron reported a net change in cash of -1,965 million PKR, meaning it ended the year with less cash on hand than at the beginning.

The company's free cash flow was -5,305 million PKR in 2022, showing a substantial decrease of 61.78% compared to the previous year.

The free cash flow yield was -33.32%, indicating that the company spent more cash on its operations and investments than it generated.

Overall, Gatron's cash flow statement for 2022 reflects increased net operating cash flow, significant investments in capital expenditures, a positive financing cash flow, and a decline in free cash flow. It's essential to consider the company's cash flow in conjunction with its overall financial health and business strategy to assess its ability to manage cash effectively and support its future growth and operations.

Gatron (Industries) Limited

Risk Assessment



When assessing the potential risks and vulnerabilities indicated by Gatron's financial statements, several key areas of concern emerge:

Liquidity Risk:

Gatron's liquidity risk is evident from its decreasing free cash flow, which dropped substantially in 2022. This raises concerns about the company's ability to meet its short-term obligations and invest in growth opportunities.

Mitigation Strategy:

Gatron should implement effective cash flow management strategies to improve liquidity. This includes optimizing working capital components, reducing unnecessary expenses, and monitoring cash reserves regularly.

Debt Levels:

The company's increasing reliance on long-term debt, as indicated by the growing issuance of long-term debt, poses a risk in terms of debt levels. High debt can lead to financial instability and increased interest expenses.

Mitigation Strategy:

To mitigate this risk, Gatron should carefully manage its capital structure, ensuring an appropriate balance between debt and equity. Evaluating the cost of debt and refinancing opportunities can lead to more favorable terms.

Economic Uncertainty:

Economic conditions, such as inflation and currency fluctuations, could impact Gatron's financial stability. The company operates in an environment where external factors may affect its operations and profitability.

Mitigation Strategy:

Gatron should remain vigilant about changes in the economic environment and continuously assess their impact on the business. Developing contingency plans and diversifying into markets with different risk profiles can help navigate economic uncertainties.

Gatron (Industries) Limited

Risk Assessment



Operational Efficiency:

While there have been improvements in net operating cash flow, Gatron should maintain a focus on operational efficiency. Any decline in profitability or operational disruptions could affect cash flow negatively.

The substantial increase in capital expenditures (CAPEX) in 2022 poses a risk if these investments do not generate the expected returns or if they strain the company's cash flow.

Mitigation Strategy:

Gatron should conduct rigorous evaluations of capital expenditure projects to ensure that they align with the company's strategic objectives and offer a favorable return on investment. A well-structured CAPEX evaluation process can minimize financial risk.

In summary, Gatron faces several financial risks, including liquidity risk, debt levels, economic uncertainty, operational efficiency, and overreliance on a single market segment. The company's strategies for mitigating these risks should involve prudent financial management, diversification, careful debt management, and a continuous focus on improving operational efficiency. Effective risk mitigation strategies will enable Gatron to maintain financial stability and adapt to changing economic conditions.

GATRON INDUSTRIES Ltd

SYNTHETIC & RAYON

PKR - 203.00

52 Week (High - 265 & Low - 202)

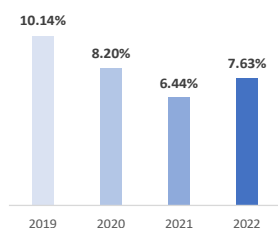


About the company

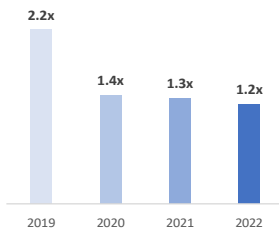
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Financial Summary

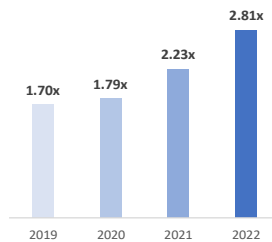
Net Profit Margin



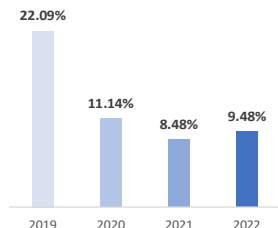
Asset Turnover Ratio



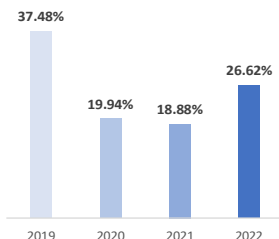
Financial Leverage



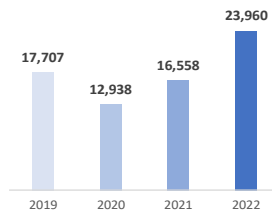
Return on Asset



Return on Equity



Revenue (PKR M)



Recent Updates

Gatron (Industries) Limited reported earnings results for the third quarter and nine months ended March 31, 2023. For the third quarter, the company reported sales was PKR 8,227.53 million compared to PKR 5,951.22 million a year ago. Net loss was PKR 99.01 million compared to net income of PKR 660.95 million a year ago. Basic loss per share from continuing operations was PKR 1.29 compared to basic earnings per share from continuing operations of PKR 8.615 a year ago.

For the nine months, sales was PKR 20,255.08 million compared to PKR 17,015.59 million a year ago. Net loss was PKR 177.77 million compared to net income of PKR 2,133.97 million a year ago. Basic loss per share from continuing operations was PKR

2.315 compared to basic earnings per share from continuing operations of PKR 27.81 a year ago.

Dupont Analysis - Return on Equity & Return on Asset

	Return on Equity (ROE)						
	2022	2021	2020	2019	2018	2017	2016
Net Profit	1,827	1,066	1,061	1,795	982	57	(254)
Average Shareholder Equity	6,863	5,644	5,318	4,789	3,822	3,345	3,482
Return on Equity	26.62%	18.88%	19.94%	37.48%	25.69%	1.72%	-7.31%

	ROE - Dupont Equation						
	2022	2021	2020	2019	2018	2017	2016
Net Profit	1,827	1,066	1,061	1,795	982	57	(254)
Revenue	23,960	16,558	12,938	17,707	13,006	12,326	8,767
Net Profit Margin (A)	7.63%	6.44%	8.20%	10.14%	7.55%	0.47%	-2.90%
Revenue	23,960	16,558	12,938	17,707	13,006	12,326	8,767
Average Total Asset	19,266	12,573	9,518	8,126	7,523	7,028	6,591
Asset Turnover Ratio (B)	1.2x	1.3x	1.4x	2.2x	1.7x	1.8x	1.3x
Average Total Asset	19,266	12,573	9,518	8,126	7,523	7,028	6,591
Average Shareholder Equity	6,863	5,644	5,318	4,789	3,822	3,345	3,482
Equity Multiplier (C)	2.81x	2.23x	1.79x	1.70x	1.97x	2.10x	1.89x
Return on Equity (A*B*C)	26.62%	18.88%	19.94%	37.48%	25.69%	1.72%	-7.31%

	Return on Asset						
	2022	2021	2020	2019	2018	2017	2016
Net Profit	1,827	1,066	1,061	1,795	982	57	(254)
Average Total Asset	19,266	12,573	9,518	8,126	7,523	7,028	6,591
Return on Asset	9.48%	8.48%	11.14%	22.09%	13.05%	0.82%	-3.86%

	ROA - Dupont Equation						
	2022	2021	2020	2019	2018	2017	2016
Net Profit	1,827	1,066	1,061	1,795	982	57	(254)
Revenue	23,960	16,558	12,938	17,707	13,006	12,326	8,767
Net Profit Margin (A)	7.63%	6.44%	8.20%	10.14%	7.55%	0.47%	-2.90%
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Return on Asset (A*B)	9.48%	8.48%	11.14%	22.09%	13.05%	0.82%	-3.86%

Dupont Summary

- ROE of Gatron has been Increased to 26.62% after the decline of Covid 19 and made a low of % in FY2021 which now has rose to precovid levels and currently at 15.99% as of 31 March 2023.
- ROE has been increased by 2018 by a vast percentage just because of increase in Net profit so we can say that everything is quite stable except Net Profit hence the duPont analysis suggest to maintain the Net Profit for the higher return or stable return on Equity. For FY2022 the Financial leverage has played the huge role i.e increase in immense amount of asset without increasing the share capital by same ratio has tremendously strengthen ROE.
- ROA of Gatron has been not much increased in FY2022 because there is no sole change in any ratio they are increasing by the same rate i.e 50%. However its not that bad if the increase in asset has grown the sales with same rate then its a

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GATRON INDUSTRIES Ltd

SYNTHETIC & RAYON

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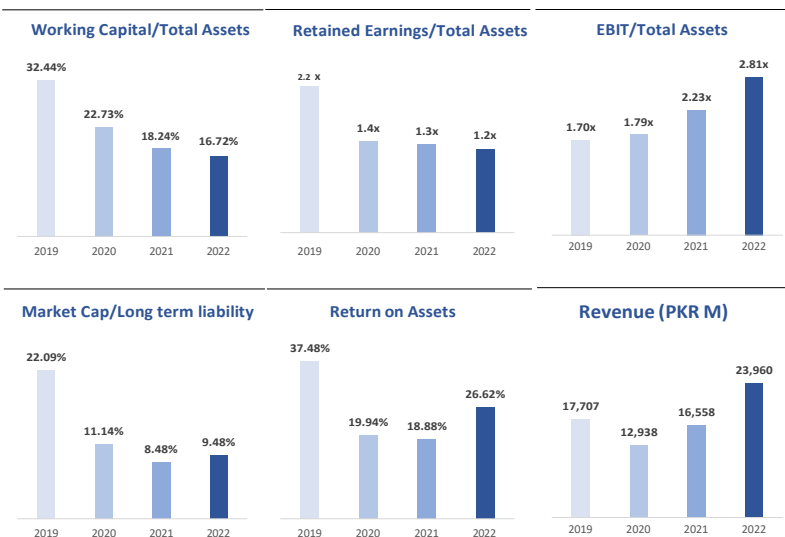
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Financial Summary



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For the nine months, sales was PKR 20,255.08 million compared to PKR 17,015.59 million a year ago. Net loss was PKR 177.77 million compared to net income of PKR

Altman Z-Score Analysis - Gatron Industries Ltd.

Working Capital / Total Assets							
	2022	2021	2020	2019	2018	2017	2016
Working Capital	3,958	2,711	2,338	2,839	2,168	1,266	1,191
Total Assets	23,671	14,860	10,285	8,750	7,502	7,544	6,512
Working Capital / Total Asse	16.72%	18.24%	22.73%	32.44%	28.89%	16.79%	18.29%

Retained Earnings / Total Assets							
	2022	2021	2020	2019	2018	2017	2016
Retained Earnings	1,827	1,066	581	778	589	57	(254)
Total Assets	23,671	14,860	10,285	8,750	7,502	7,544	6,512
Retained Earnings / Total As	7.72%	7.17%	5.65%	8.89%	7.85%	0.76%	-3.91%

EBIT / Total Assets							
	2022	2021	2020	2019	2018	2017	2016
EBIT	2,872	1,429	1,664	2,121	1,108	39	(155)
Total Assets	23,671	14,860	10,285	8,750	7,502	7,544	6,512
EBIT/Total Assets (C)	12.13%	9.62%	16.18%	24.24%	14.77%	0.52%	-2.38%

Market Cap / Long term Liabilities							
	2022	2021	2020	2019	2018	2017	2016
Market Cap	12,659,183.6	19,970,216.0	23,783,200.0	18,221,000.0	#####	#####	#####
Long term Liabilities	6,491.8	3,342.8	1,590.2	499.7	337.3	516.9	425.2
Market Cap / Long term Liab	195001.56%	597412.87%	1495652.94%	3646373.24%	#####	#####	#####

Sales / Total Assets							
	2022	2021	2020	2019	2018	2017	2016
Total Sales	23,960	16,558	12,938	17,707	13,006	12,326	8,767
Total Assets	23,671	14,860	10,285	8,750	7,502	7,544	6,512
Return on Asset (E)	101.22%	111.42%	125.80%	202.37%	173.36%	163.39%	134.63%

Altman's Z Score							
	2022	2021	2020	2019	2018	2017	2016
Final Score	1185.0	3994.5	11289.6	44276.0	35494.0	8158.7	6624.6
Financial Stability	Strong	Strong	Strong	Strong	Strong	Strong	Strong

Altman's Z-Score Analysis:

1. Working Capital / Total Assets (A):

Trend Analysis: The ratio has shown a declining trend from 2016 to 2022, indicating a decrease in the proportion of working capital to total assets. This may suggest potential challenges in short-term liquidity management.

2. Retained Earnings / Total Assets (B):

Trend Analysis: Retained earnings as a percentage of total assets have experienced fluctuations, with an upward trend in recent years. This signals a positive trajectory in utilizing earnings to build the company's asset base.

3. EBIT / Total Assets (C):

Trend Analysis: The EBIT to total assets ratio displays variations but has shown an increasing trend, particularly from 2017 to 2022. This implies improving profitability in generating earnings relative to the total asset base.

4. Market Cap / Long-term Liabilities (D):

Trend Analysis: The market cap to long-term liabilities ratio has surged significantly, reflecting substantial market confidence in the company's ability to cover long-term obligations.

Altman's Z-Score Analysis:

5. Sales / Total Assets (E):

Trend Analysis: Return on assets, calculated as the sales to total assets ratio, has demonstrated a volatile pattern. The sharp increase in 2022 indicates a robust performance, possibly driven by increased sales efficiency or improved asset utilization.

6. Altman's Z Score:

Insights:

Overall Financial Stability: The Z Score, consistently at strong levels, reflects Gatron's robust financial position across the analyzed years.

Yearly Variations: While the Z Score has remained strong, there are substantial variations from 2016 to 2022, with a remarkable increase in 2019. This suggests that while the company's stability is evident, specific financial events or changes impacted the Z Score.

Key Insights:

Financial Health: Gatron demonstrates robust financial health, as indicated by Altman's Z Score consistently categorizing it as "Strong." This suggests a low likelihood of financial distress.

Operational Efficiency: The upward trend in EBIT to total assets and sales to total assets ratios indicates improving operational efficiency and profitability.

Market Confidence: The exceptionally high Market Cap to Long-term Liabilities ratio signifies significant market confidence in Gatron's ability to cover its long-term obligations. However, caution should be exercised to ensure there are no anomalies in the data.

Short-term Liquidity: The declining trend in Working Capital to Total Assets ratio suggests potential challenges in short-term liquidity management, requiring attention to ensure adequate working capital levels.

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After a comprehensive financial analysis of Gatron, several key findings have emerged, shedding light on the company's financial performance over the past five years.

Strengths:

Operating Cash Flow Improvement: In 2022, Gatron experienced a substantial increase in net operating cash flow, signifying an upward trend in its cash generation. This is a positive sign of improved operational efficiency.

Strong Financing Activities: The company successfully raised funds through the issuance of long-term debt, contributing to a positive net financing cash flow. This suggests that Gatron has a robust financial position and access to external capital.

Weaknesses:

Capital Expenditure: Gatron's capital expenditures (CAPEX) have increased significantly in 2022, which has impacted the net investing cash flow negatively. It may be essential to evaluate the efficiency of these investments.

Declining Free Cash Flow: The company reported a substantial decrease in free cash flow in 2022, which raises concerns about its ability to generate surplus cash after funding its operations and investments.

Opportunities:

Operational Efficiency: Gatron can explore opportunities to further enhance its operational efficiency to increase net operating cash flow. Analyzing and optimizing working capital components, such as receivables, inventories, and payables, could be beneficial.

Diversification: Exploring diversification into product lines or markets with growth potential could present new opportunities for revenue generation.

Threats:

Economic Conditions: The company should remain vigilant about potential adverse economic conditions or disruptions that could affect its cash flow. This includes monitoring factors like inflation and currency fluctuations.

Capital Management: As Gatron raises significant funds through debt, it should carefully manage its capital structure to ensure that it does not become overleveraged.

Recommendations:


Working Capital Management: Gatron should focus on optimizing its working capital components, including receivables, inventories, and payables. Efficient management of these areas can **Strategic CAPEX**

Evaluation: The company should thoroughly evaluate its capital expenditures to ensure that investments generate an adequate return and do not overly burden cash flow.

Free Cash Flow Improvement: Efforts should be made to enhance free cash flow. This can be achieved through cost management, improved operational efficiency, and a focus on profitability.

Diversification: Exploring diversification opportunities in related industries or product lines could reduce risk and enhance revenue streams.

Debt Management: As the company raises funds through debt, it is crucial to manage the debt structure prudently, striking a balance between leveraging for growth and maintaining financial stability.



External Environment Monitoring: Continuous monitoring of the economic environment and anticipating external threats or opportunities will be essential for adaptability and sound decision- making.

In conclusion, Gatron has shown improvements in its cash flow, particularly in net operating cash flow and financing activities. However, there are areas of concern, such as increasing capital expenditures and declining free cash flow. Strategic measures to manage working capital, evaluate CAPEX, and diversify, combined with prudent debt management, will be crucial for the company's long-term financial health and sustainability. Gatron should also remain vigilant about the external economic environment to adapt to changing circumstances effectively.

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